

Service Date: November 9, 2006

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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|--|---|-------------------------|
| IN THE MATTER of the Application       | ) | UTILITY DIVISION        |
| of MDU RESOURCES GROUP, INC. for       | ) | DOCKET NO. D2006.10.153 |
| Authorization to Issue up to 2,958,318 | ) | DEFAULT ORDER NO. 6787  |
| Additional Shares of Common Stock      | ) |                         |
| Pursuant to a 401(k) Retirement Plan   | ) |                         |

**DEFAULT ORDER**

On October 20, 2006, MDU Resources Group, Inc. ("MDU") filed an application with the Montana Public Service Commission ("Commission") seeking authority to issue up to 2,958,318 additional shares of MDU's authorized but unissued common stock, par value \$1.00 per share ("Common Stock"), as proposed in the application, pursuant to MDU's 401(k) Retirement Plan. The application is filed pursuant to Title 69, Chapter 3, Part 5, and MCA.

The application was supported by exhibits and data in accordance with the rules and regulations of the Commission governing the authorization of issuance of securities by electric and gas utility companies operating within Montana. For detailed information with respect to the general character of MDU's business and the territory served by it, reference is made to its annual report on file with the Commission.

At a regular open session of the Commission, held at its offices on November 9, 2006, there came before the Commission for final action the matters in this Docket, and the Commission, having fully considered the application and data and records pertaining thereto on file with the Commission and being fully advised in the premises, makes the following:

### **FINDINGS OF FACT**

1. MDU is a corporation organized and existing under and by virtue of the laws of the State of Delaware and is qualified to transact business in the State of Montana.
2. MDU is operating as a public utility as defined in 69-3-101 and 69-3-102, MCA, and as such is engaged in furnishing electric and gas service in Montana.
3. The Commission has jurisdiction over the subject matter of said application under Title 69, Chapter 3, Part 5, and MCA.
4. MDU applies for a Commission order for authorization to issue up to 2,958,318 additional shares of authorized but unissued Common Stock, par value \$1.00 (the "Common Stock"), in connection with MDU's 401(k) Retirement Plan (the "Plan"). MDU's Common Stock will be purchased by the Plan trustee ("Trustee") pursuant to the provisions of the Plan and a Trust Agreement. The Plan Trustee may purchase shares of Common Stock directly from MDU, on the open market, in negotiated transactions, or a combination of the foregoing. The Common Stock will in all respects rank equally with the outstanding shares of Common Stock, so that the holders thereof will participate in dividends equally with the holders of the outstanding shares and will have the same voting rights and liquidation rights.
5. The proceeds from the issuance of Common Stock may be used for funding MDU's capital requirements, for the refunding of its outstanding obligations, for corporate development (including, without limitation, the issuance of the Common Stock in a private placement with the seller or sellers of a business or businesses, or business assets, being acquired, or the issuance and sale of the Common Stock in one or more public offerings, the cash

Proceeds there from being applied to finance the acquisition of a business or businesses or business assets, or the issuance and exchange of the Common Stock for other securities) and for other general corporate purposes.

6. MDU requests that the authorization granted pursuant to the application permit the Company to issue the Common Stock from time to time, in one or more transactions, until all the shares specified in the application have been issued.

7. The transactions proposed by MDU (a) are consistent with the public interest; (b) are for a purpose or purposes permitted under the laws of the State of Montana; (c) are necessary or appropriate for and consistent with the proper performance by MDU of service as a public utility; and (d) will not result in a situation in which the aggregate amount of the securities outstanding and proposed herein to be outstanding will exceed the fair value of the properties and business of MDU.

### **CONCLUSIONS OF LAW**

The securities transactions proposed by MDU, as herein authorized, will be for a lawful purpose and are consistent with the public interest; the same are appropriate and consistent with the necessary performance of MDU of service as a public utility; and the aggregate amount of securities outstanding and proposed to be outstanding will not exceed the fair value of the properties and business of MDU.

**ORDER**

IT IS HEREBY ORDERED by the Commission:

1. The application of MDU Resources Group, Inc. for authority to issue up to 2,958,318 additional shares of authorized but unissued Common Stock pursuant to MDU's 401(k) Retirement Plan, as proposed in the application, is hereby approved and authority is granted. This authorization is effective until all of said shares have been issued.
2. By order dated August 21, 2001 (Docket No. D2001.7.94, Default Order No. 6363), the Commission authorized MDU to issue, from time to time, authorized but unissued shares of Common Stock under the Plan (the "2001 Authorization"). Upon MDU's request, the Commission hereby orders that the authority granted herein shall supersede and replace the 2001 Authorization, effective immediately, without affecting the validity and authorization of Common Stock issued under the 2001 Authorization prior to the date of this Order.
3. Neither the issuance of securities by MDU pursuant to the provisions of this Order nor any other act or deed done or performed in connection therewith, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any securities authorized, issued, assumed, or guaranteed hereunder.
4. The approval of this application shall not be construed as precedent to prejudice any future action of this Commission.
5. Issuance of the Order does not constitute acceptance of MDU's exhibits or other material accompanying the application for any purpose other than the issuance of this Order. Approval of this application is for financing purposes only. This approval is without prejudice to the regulatory authority of this Commission with respect to ratemaking, rates, service, accounts, valuations, estimates, or determinations of cost, or any other matter subject to its jurisdiction as provided by law.

DONE IN OPEN SESSION at Helena, Montana this 9<sup>th</sup> day of November, 2006, by a vote of 5-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

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GREG JERGESON, Chairman

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BRAD MOLNAR, Vice Chairman

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DOUG MOOD, Commissioner

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BOB RANEY, Commissioner

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TOM SCHNEIDER, Commissioner

ATTEST:

Connie Jones  
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.